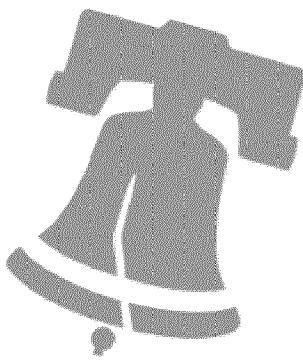


## **EXHIBIT F**



**BOARD OF PENSIONS AND  
RETIREMENT**

**PHILADELPHIA PUBLIC  
EMPLOYEES  
RETIREMENT SYSTEM**

**REFERENCE GUIDE & SUMMARY DESCRIPTION  
OF PLANS A, B, D, J, L, X, Y, 10 AND 16**

**JULY 2020**

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## APPENDICES

Appendix A-Comparative Summary of Key Benefit Terms of Plans A, B, L & Y, Plans 10 & 16

Appendix-B-Frequently Asked Questions & Answers & Additional Tiered Contributions-Plan 16

## **INTRODUCTION**

The following information is intended for members and their beneficiaries and survivors as a convenient reference guide of the City of Philadelphia Public Employees Retirement System (“Retirement System”) and the various Plans of the Retirement System. The information contained here is general and summary in nature and does not create, define, alter, or otherwise affect any right, claim, eligibility, or entitlement to a retirement benefit under the Retirement System or any condition, limitation, requirement, designation or option.

The City of Philadelphia Public Employees Retirement Code (“Retirement Code”), Section 22-101 et seq., is the official statement of the terms of the various Plans of the Retirement System. You can view the complete Retirement Code online at [www.phila.gov/pensions](http://www.phila.gov/pensions) (Click on Philadelphia Code and Charter; View Code; and Title 22).

The Philadelphia Board of Pensions and Retirement (“Board of Pensions”) administers the Retirement System in accordance with the Retirement Code. The Board of Pensions has nine voting members and consists of five members who are City officeholders (the Director of Finance who serves as Chairperson, the Managing Director, the City Solicitor, the Personnel Director, and the City Controller) and four members elected by the Civil Service employees of the City of Philadelphia. The elected members serve a four-year term. The Board of Pensions also includes one non-voting member appointed by the City Council President. The Executive Director and Staff of the Board of Pensions administer the day-to-day activities of the Retirement System.

Also, the Board of Pensions is empowered by Section 8-407 of the Home Rule Charter and Section 22-107 of the Retirement Code to make all necessary regulations (“Regulations”) to carry into effect the provisions of the Retirement Code. These Regulations are available online at [www.phila.gov/pensions](http://www.phila.gov/pensions) (Click on Pensions Regulations) or you may request a paper copy during normal business hours at the Board’s Office located at 1500 J. F. Kennedy Blvd., Two Penn Center Plaza 16<sup>th</sup> Floor, Philadelphia, PA 19102.

Every effort has been made to present accurate and current information in this reference guide. However, please note that errors may occur or changes in applicable U.S. or Pennsylvania laws (“Applicable Laws”) or the Retirement Code may happen and make the information inaccurate or out of date. If any discrepancy or inconsistency arises between the information stated here and any Applicable Laws, the Retirement Code, or the Regulations of the Board of Pensions, then the Laws, Retirement Code, and/or Regulations of the Board of Pensions will govern.

If you have any questions or need further information, please contact the Board of Pensions. The main telephone number for the Board of Pensions is 215-685-3480. Or schedule an in-person appointment with one of the Board’s counselors. The counselors will do their best to assist you and to provide prompt, efficient and confidential assistance and service.

## DEFINITIONS

Here is a very shorthand explanation of the meaning of certain words used in this Reference Guide. For the official definition, please refer to Retirement Code Section 22-105.

**Board of Pensions.** Philadelphia Board of Pensions and Retirement.

**Employee.** Any employee, officer or official paid out of the Treasury of the City. All employees belong to one of the following Divisions:

- **Police Employee**— any uniformed or investigatory employee of the Police Department or of the District Attorney's Office.
- **Fire Employee**— any uniformed member of the fire fighting forces of the Fire Department and any fire service paramedic.
- **Elected Official** – any individual who was elected to City office in any general, municipal, or special election.
- **Municipal Employee** – all other employees who are neither a Police Employee nor a Fire Employee nor an Elected Official. Municipal Employee includes Employees in the civil service not represented by a union (“Non-represented Employees”) and Employees not in the civil service and not represented by a union (“Exempt Employees”). Municipal Employee also includes Employees of the Sheriff’s Office or of the Register of Wills (those represented by Lodge 5 of the F.O.P. and those not so represented), Employees of OHCD represented by AFSCME District Council 33, and Guards within the meaning of Section 805 of the Public Employee Relations Act (Act 195), 43 P.S. Sec. 1101.805, represented by AFSCME District Council 33 (“Guards represented by DC 33”).

**Member.** Any active or former Employee who satisfies the conditions for membership in the Retirement System and the appropriate Plan for that Employee.

Note: Under authority granted by ordinances of Council (as amended), the Board of Pensions has made agreements to administer and manage retirement benefits for employees of certain quasi-public agencies (“QPAs”). As of the date of publication of this guide, the Board of Pensions has made agreements with the following QPAs: The Philadelphia Parking Authority; Philadelphia Housing Development Corporation; and Philadelphia Municipal Authority.

All employees of the QPAs that have made such agreements with the Board of Pensions will participate in the Retirement System subject to the provisions of the Retirement Code and any Regulations and to the terms and conditions of the agreement between the Board and the QPA except for the following employees:

employees of these QPAs who are covered by a retirement system established by their collective bargaining unit; and certain former employees of the Philadelphia Redevelopment Authority as described in Ordinance of Council adopted June 26, 2019 (Bill No. 190461).

If the QPA terminates its operation, existence or participation in the Retirement System, the participation of the employees of such QPA in the Retirement System terminates. However, the employees of the terminated QPA will not lose any rights or benefits that have accrued to such employees as of the date of termination.

**Compensation (also known as Pensionable Earnings).** The gross pay, exclusive of any taxable fringe benefits, as it appears on the City payroll, received during a 12-month period, adjusted based on the applicable Plan and certain dates as set forth below, and subject to any limitations prescribed by the Internal Revenue Code of 1986, as amended.

- For Members of Plan D or Plan X, after July 1, 1972, Compensation includes base pay and longevity payments, but excludes overtime pay, holiday overtime pay, compensatory time, shift differential, and any lump sum payment of benefits. Effective July 1, 2003, Compensation also includes stress pay or premium pay.
- For Members of Plan J, Compensation includes base pay, leave and longevity payments, overtime and holiday overtime paid before the Member's separation from service, but excludes compensatory time, shift differentials and any lump sum payment of benefits.
- For Members of Plan A, Plan B, and for Police Employee or Fire Employee Members of Plan 10, Compensation includes base pay, leave and longevity payments paid before the Member's separation from service, but excludes overtime pay, holiday overtime pay, compensatory time, shift differential and any lump sum payment of benefits. For Members of Plan A and Fire Employee Members of Plan 10, Compensation also includes premium pay. For Members of Plan B and Police Employee Members of Plan 10, Compensation also includes stress pay.
- For Members of Plan L, Compensation includes base pay and leave and longevity payments paid before the Member's separation from service.
- For Members of Plan Y and for Municipal Employee Members of Plan 10, Compensation includes base pay, leave and longevity payments, overtime and holiday overtime paid before the Member's separation from service, but excludes compensatory time, shift differentials, and any lump sum payment of benefits.
- For Members of Plan 16, Compensation is the lesser of the amount calculated as if a Member of Plan Y (refer to preceding bullet point) or the Stacked Hybrid Cap.

**Final Compensation.**

- For Members of all Plans except Plan 16, the higher of either the rate of pay at separation from service or the total compensation received for the last full year of service, including supplementary compensation received under Civil Service Regulation No. 32.
- For Members of Plan 16, the lesser of final compensation calculated as set forth in the preceding sentence or the Stacked Hybrid Cap amount.

### **Average Final Compensation.**

- For Members of Plan J, Plan L and Plan Y, the average of the Member's three highest annual Compensations calculated for three calendar years or three anniversary years unless the Member has less than three years of Credited Service, exclusive of any purchase of other governmental service. For those Members who have less than three years of Credited Service, the average of annual Compensation received during such period of Credited Service.
- For Members of Plan D and Plan X, the highest of: the average of the member's five highest annual compensations; the average compensation received during a consecutive 12-month period in which such compensation is highest; or the annual compensation calculated from the final pay period, excluding longevity payments.
- For Members of Plan A and Plan B, the average of the Member's two highest annual Compensations calculated for either two calendar years or two anniversary years.
- For Members of Plan 10 who are not Police Employees or Fire Employees, the average of the Member's five highest annual Compensations calculated for either 5 calendar years or 5 anniversary years. For Police Employee and Fire Employee Members of Plan 10, the average of the five highest annual Compensations when Member Contributions are required. If the Member has less than five years of Credited Service, exclusive of any purchase of other governmental service, the average of annual Compensation received during such period of Credited Service.
- For Members of Plan 16, the lesser of the Average Final Compensation calculated as if a Member of Plan Y or the Stacked Hybrid Cap.

### **Annual Salary.**

- For Municipal Employees in the civil service: the annual base rate of pay established by the Civil Service pay plan applicable to the Employee plus the longevity rate of pay under the Civil Service Regulations or applicable collective bargaining agreement;
- For Municipal Employees not in the civil service: the annual base rate of pay set by the appointing authority or by law, including any longevity rate of pay.
- For Elected Officials: the annual rate of pay provided by law.

**Stacked Hybrid Cap.** An Annual Salary of \$65,000.

**Credited Service.** Any period of service as an Employee during which the Employee made required Member Contributions to the Retirement System or any period of service or approved or qualifying leave for which the Employee purchased credit in accordance with the provisions of Retirement Code Chapter 22-800 (Purchase of Credited Service).

See for example:

Section 22-801(Leaves of Absence Without Pay);  
Section 22-802 (Purchase of Governmental Service);  
Section 22-803 (Purchase of Prior City Service);  
Section 22-804 (Pension Credit for Former C.E.T.A. Employees);  
Section 22-805 (Election of Fire Employees and Police Employees Laid Off in 1978 and 1980 and Subsequently Reinstated to Purchase Pension Credit for the Layoff Period);  
Section 22-809 (Pension Credit for Former Fairmount Park Trust Fund Employees); or  
Section 22-810 (Pension Credit for Former PIDC Employees)

**Member Contributions.** Payments made by a Member to the Retirement System for the provision of benefits.

**Retirement Benefits.** Payments made by the Retirement System to a Retired Member who is eligible for service retirement benefits, separation retirement benefits, or optional early retirement benefits or to a disabled Member who is entitled to service-connected disability retirement benefits or ordinary disability retirement benefits.

**Retired Member.** Any Member who has retired from City employment and is entitled to Retirement Benefits from the Retirement System.

**Death Benefits.** Payments made by the Retirement System to a beneficiary who is eligible to receive Service-Connected Death Benefits and Service-Connected Health Care Benefits or Ordinary Death Benefits upon the death of a Member.

**Beneficiary.** Any eligible person designated in accordance with Retirement Code Section 22-701 to receive Death Benefits earned by the Member upon the death of the Member.

**Domestic Relations Order.** Any judgment, decree or order, including approval of a property settlement agreement, entered by a court of competent jurisdiction pursuant to a domestic relations law which relates to the marital property rights of the spouse or former spouse of a member, including the right to receive all, or a portion of, the moneys payable under Retirement Code in furtherance of the equitable distribution of marital assets. The term includes orders of support as defined in 23 Pa.C.S.A. Section 4302 and orders for the enforcement of arrearages as provided in 23 Pa.C.S. Section 3703. An “**Approved Domestic Relations Order**” is a **Domestic Relations Order** that the Executive Director or the Executive Director’s designee has approved in accordance with Retirement Code Section 22-1303.

**Separation from Service.** The termination of employment with the City, whether due to death, resignation, retirement or discharge. Resignation or discharge from employment in the Office of the Clerk of Quarter Sessions, when followed within five business days by employment with the First Judicial District, provided the First Judicial District is a participant in the Retirement System at the time of initial employment, is not deemed a termination of employment.

**Survivor.** Any eligible person who is designated in accordance with Retirement Code Section 22-702 to receive Retirement Benefits upon the death of a Member.

**Medical Panel.** A panel of physicians appointed by the Board to conduct medical examinations, and make investigations and certifications, as required by the Retirement Code or by the Board.

**Vested Member.** Any Member who has the necessary Credited Service to become vested.

**Reemployed.** Any Employee who had separated from service and thereafter was rehired by the City as an Employee.

## **PLANS**

**PLAN D** – All Police Employees hired before July 1, 1988.

**PLAN X** - All Fire Employees hired before July 1, 1988.

**PLAN J** – All Municipal Employees, including Non-represented Employees and Exempt Employees, hired before January 8, 1987.

Municipal Employees represented by AFSCME District Council 33 and AFSCME District Council 47 Locals 2186 and 2187, and hired on or after January 8, 1987 and before October 2, 1992, provided such Employees contribute the difference between the amount they paid to the Retirement System and the amount they would have paid under Plan J.

All Employees of the First Judicial District of Pennsylvania, hired before January 8, 1987.

All Employees of the Sheriff's Office and Register of Wills hired before July 1, 1988.

**PLAN A** – All Fire Employees hired or re-hired on or after July 1, 1988.

**PLAN B** -- All Police Employees hired or rehired on or after July 1, 1988.

**PLAN L** – All Elected Officials who took office on or after January 8, 1987.

**PLAN Y** – All Municipal Employees represented by AFSCME District Council 33 and AFSCME District Council 47, Locals 2186 and 2187, hired or rehired after October 1, 1992. All Exempt and Non-represented Employees and Employees of the First Judicial District of Pennsylvania hired or rehired after January 8, 1987. Deputy Sheriffs and Employees of the Register of Wills hired or rehired after July 1, 1988.

**Note:** Elected Officials, Municipal Employees (other than Guards represented by DC 33 and Employees of the Register of Wills represented by Lodge No. 5 of the F.O.P.), Police Employees and Fire Employees hired or reemployed after the **Plan 10 effective dates** set forth below and who made a timely irrevocable election to participate in **Plan A, Plan B, Plan L or Plan Y** as applicable to the Employee are Members of the Plan that they elected.

## **PLAN 10**

Except for those Employees who timely made an irrevocable election to become a member of **Plan A, Plan B, Plan L, Plan Y or Plan 16 as applicable**, or those Employees who upon previous Separation from Service did not withdraw their pension contributions, and timely made an election to remain subject to the provisions of the Plan covering them when they separated from the City, **Plan 10** includes:

- (1) Police Employees hired or rehired on or after January 1, 2010;
- (2) Fire Employees hired or rehired on or after October 15, 2010;
- (3) Employees of the Sheriff's Office and of the Register of Wills represented by Lodge 5 of the FOP hired or rehired on or after January 1, 2012 and through June 20, 2018;
- (4) Municipal Employees represented by AFSCME District Council 47 hired or rehired on or after March 5, 2014 and through December 31, 2018;
- (5) Non-represented Municipal Employees hired or rehired on or after May 14, 2014 through December 31, 2018;
- (6) Municipal Employees represented by AFSCME District Council 33 (excluding Guards & Employees of the OHCD) hired or rehired on or after September 9, 2014 through August 19, 2016;
- (7) Exempt Municipal Employees hired or rehired on or after November 14, 2014 through December 31, 2018;
- (8) Elected Officials elected or re-elected on or after November 14, 2014;
- (9) Employees of the Sheriff's Office or of the Register of Wills not represented by Lodge 5 of the F.O.P. hired or rehired on or after January 1, 2012 and through December 31, 2018;
- (10) Guards represented by AFSCME District Council 33 hired or rehired on or after November 14, 2014 through August 19, 2016.

## **PLAN 16**

Unless afforded other options under Retirement Code Section 22-203 (Membership after Reemployment), **Plan 16** includes the following Municipal Employees hired or rehired on or after the **Plan 16 effective dates** set forth below:

- (1) Municipal Employees represented by AFSCME District Council 33: August 20, 2016;
- (2) Municipal Employees represented by AFSCME District Council 47: January 1, 2019;
- (3) Exempt and Non-represented Municipal Employees: January 1, 2019;
- (4) Employees of the Sheriffs' Office or of the Register of Wills and represented by Lodge 5 of the F.O.P. : June 21, 2018.

## **DEFINED CONTRIBUTION PLAN (“DC Plan”)**

All Members of Plan 10 and Plan 16 are members in the DC Plan. However, no Plan 16 Member whose annual salary is equal to or less than the Stacked Hybrid Cap may make a voluntary contribution to the Member’s Defined Contribution Account. Enrollment in the DC Plan is irrevocable.

### **City Match**

For each Plan Year, the City will contribute to the Member’s Defined Contribution account an amount equal to (50%) of the amount contributed by the Member for such year. However, in no event will the City’s annual contribution exceed one-and-one half percent (1.5%) of the Member’s Annual Compensation.

### **Vesting**

The amount contributed by the Member to their Defined Contribution account is 100% vested. The amount contributed by the City becomes 100% vested upon the Member’s completion of 5 years of Credited Service.

In the event the Member separates from service before the completion of 5 years of Credited Service, the City contributions in the Member’s account are forfeited. In the event a Member dies or becomes disabled while employed by the City before completion of 5 years of Credited Service, the Member’s account balance will become 100% vested.

## **MINIMUM RETIREMENT AGE**

The minimum retirement ages for the various plans of the Retirement System are as follows:

- **Plan A:** 50;
- **Plan B:** 50;
- **Plan D:** 45;
- **Plan J:** 55;
- **Plan L:** 55;
- **Plan X:** 45;
- **Plan Y:** 60;
- **Plan 10:**
  - Plan 10 Police and Fire Employees: 50;
  - Plan 10 Municipal Employees: 60;
  - Plan 10 Elected Officials: 55;
- **Plan 16:** 60.

## CONTRIBUTIONS

### **The City and State**

The Commonwealth makes an annual contribution to the Retirement System, calculated in accordance with the Municipal Pension Plan Funding Standard and Recovery Act (“Act 205”), as amended. In addition, the Commonwealth submits to the City each fiscal year a certain share of sales tax revenues, determined by a priority and formula set by State law, that the City must pay over to the Retirement System.

The City of Philadelphia must make contributions to the Retirement System each fiscal year pursuant to Act 205, the Retirement Code, and any other applicable law, determined by the Board of Pensions’ actuary in accordance with certain funding standards and policies and set forth in an annual actuarial report. The City also remits the contributions made by several quasi-governmental agencies.

### **Employees**

Current Employees make Member Contributions to the Retirement System at basic contribution rates and any additional contribution rates as required and established by the Retirement Code, and determined by the Board of Pensions’ actuary. The rates depend upon various factors when applicable, such as date of hire, Plan membership, cost of the Plan, Coverage under the Social Security Act, Bargaining Unit, Represented/Non-represented/Civil Service or Exempt Status, and Annual Salary. Employees make Member Contributions through automatic deductions from their paychecks.

Effective July 1, 2020, the Member Contribution Rates are as follows:

**Plans D and X:** 6%

**Plan J:** 4.75% for Municipal Employees not covered by the Social Security Act and 7% for Municipal Employees covered by the Social Security Act, plus an additional contribution rate based on Annual Salary as set forth in the tiered chart below

**Plan A:** 6.84%

**Plan B:** 6.84%

**Plan L:** 10.98%. For Members of Plan L eligible to vest in 8 years, 12.88%

**Plan Y:** 3.54%. For Members of Plan Y eligible to vest in 5 years, 4.23%

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**Members who opted out of Plan 10 membership and timely elected to become/remain a Member of Plan A, Plan B, Plan L, Plan Y, as applicable, have the following Member Contribution Rates, based upon their date of hiring, appointment or election (“hired” or “elected”):**

Fire Employees hired on or after October 15, 2010 and before July 1, 2017: 7.84%

Fire Employees hired after July 1, 2017: 8.50%

Police Employees hired after January 1, 2010 and before July 1, 2017: 7.84%

Police Employees hired after July 1, 2017: 8.50%

Municipal Employees of the Sheriff's Office hired on or after January 1, 2012 and through June 20, 2018: 4.23%

Municipal Employees represented by AFSCME District Council 47 hired on or after March 5, 2014 and through December 31, 2018: 4.54%

Non-represented Municipal Employees hired on or after May 14, 2014 through December 31, 2018: 4.54%

Municipal Employees represented by AFSCME District Council 33 (excluding Guards & Employees of the OHCD) hired on or after September 9, 2014 through August 19, 2016: 4.54%

Exempt Municipal Employees hired on or after November 14, 2014 through December 31, 2018: 4.54%.

For those Exempt Employees eligible to vest in 5 years: 5.23%

Elected Officials elected on or after November 14, 2014: 11.98%.

For those Elected Officials eligible to vest in 8 years: 13.88%

**Plan 10:**

Municipal Employees, including Employees of the Register of Wills hired or rehired on or after January 1, 2012 and before June 20, 2018 and Guards represented by AFSCME District Council 33 hired or rehired on or after November 14, 2014 through August 19, 2016: 2.37%

Exempt Employees (eligible to vest in 5 years): 2.77%

**Plan 16:**

Municipal Employees represented by AFSCME District Council 33 hired after August 20, 2016: 4.17%

Municipal Employees represented by AFSCME District Council 47 hired after January 1, 2019: 4.17%

Non-represented Municipal Employees hired after January 1, 2019: 4.17%

Exempt Municipal Employees hired after January 1, 2019 (eligible to vest in 7 years): 4.60%

Employees of the Sheriffs' Office or of the Register of Wills and represented by Lodge 5 of the F.O.P. hired after June 21, 2018: 4.17%

**Additional Salary Tier Contributions for all Municipal Employees**

Effective January 1, 2019, Municipal Employees shall make an additional contribution at the rate set forth in the following tiered chart based upon their Annual Salary.

<u>Annual Salary Range</u>	<u>Additional Contribution Rate</u>
\$45,000 or less	No change
\$45,001 to \$55,000	Increase of 0.5%
\$55,001 to \$75,000	Increase of 1.5%
\$75,001 to 100,000	Increase of 2.0%
More than \$100,000	Increase of 2.75%

Note: For Members of Plan 16, the additional contribution rate is applied to the Member's Annual Salary up to the Stacked Hybrid Cap. Please refer to the tiered chart below.

<u>Annual Salary Range</u>	<u>Additional Contribution Rate</u>
\$45,000 or less	No change
\$45,001 to \$55,000	Increase of 0.5%
\$55,001 to \$65,000 (Stacked Hybrid Cap)	Increase of 1.5%

## **MEMBERSHIP UPON EMPLOYMENT**

Except for Employees appointed to a part-time or non-salaried position with a board or commission of the City and temporary Employees hired for six months or less, all other Employees become a Member of the Retirement System on the date of their hiring, rehiring or taking office. A permanent Employee of the City automatically becomes a Member of the Retirement System.

Temporary Employees whose employment does not last for more than six months are not a Member of the Retirement System, do not make Member Contributions, and do not earn Credited Service for temporary service. If their employment continues beyond six months, a temporary Employee will become a member of the Retirement System; and Member Contributions will begin through paycheck deductions the first full pay period after expiration of the original six months.

## **MEMBERSHIP AFTER TRANSFER OF EMPLOYMENT**

After a transfer of employment between divisions, except as set forth below, a Member's Credited Service is transferred to the applicable Plan of the Member's new division, and the Member's retirement rights and benefits are determined by the provisions of that Plan.

- If any Member of Plan J, Plan Y or Plan 16, or any Municipal Employee-Member of Plan 10 is appointed to a position as a uniformed investigatory employee in the Police Department other than Commissioner or Deputy Commissioner or in the District Attorney's Office, the Member will retain the Plan membership covering their pre-transfer employment and become a Member of the applicable Plan for Police Employees (Plan B or D) after such Member completes five years' service as a Police Employee.
- If any member of Plan J, Plan Y or Plan 16, or any Municipal Employee-Member of Plan 10 is appointed to a position as a uniformed employee in the Fire Department other than Commissioner or Deputy Commissioner, the Member will retain the Plan membership covering their pre-transfer employment and become a Member of the applicable Plan for Fire Employees (Plan X or Plan A) after such Member completes five years' service as a Fire Employee.
- Any disabled Member who is (or was) transferred under Civil Service Regulation 32 may remain a Member of the applicable Plan of their previous division before the transfer until they reach the minimum retirement age of that division.

**EXAMPLE:** A police officer transferred under Regulation 32 (for injury on duty) to employment as a Clerk II can remain in their applicable Plan for the Police Employee Division until age 45. If the officer stays past age 45, the Officer must switch membership coverage to the applicable plan for Municipal Employee Division. If the officer decides to stay past age 45 and therefore switches membership to an applicable Plan for the Municipal Division, the officer's minimum retirement age becomes age 55 unless the officer retires on disability before reaching age 55.

- If any Member of Plan D, Plan J or Plan X, who is eligible to retire, transfers to employment covered by another Plan, such Member will retain both the eligibility for retirement and the accrued benefits as determined pursuant to the provisions of the Plan of their previous division before the transfer.
- Any vested Member of Plan A, Plan B or Plan L, who transfers to an applicable Plan for Municipal Division-New, may elect to have Credited Service calculated at the Elected Official, Police Employee or Fire Employee rate for Credited Service earned under the applicable Plan for their previous service, and, at the municipal rate for Credited Service earned after the transfer. Note: this election applies only to the calculation of the dollar amount of the benefit, and does not apply to the age, service and other eligibility requirements for benefits (which are determined by the provisions of the Plan into which the Member has transferred).

#### **MEMBERSHIP UPON REEMPLOYMENT AFTER SEPARATION FROM SERVICE**

Except as set forth below, all Employees who separate from service and thereafter become reemployed by the City become subject to the membership provisions of the Plan applicable to their reemployment division (e.g., Plan A, Plan B, Plan L, Plan Y, Plan 10 or Plan 16).

The following Employees remain subject to the provisions of the Plan applicable to them when they separated from service unless they elect, in writing, to transfer membership to the applicable Plan (Plan A, Plan B, Plan L, Plan Y or Plan 16) for their division at reemployment pursuant to Retirement Code Section 22-205:

- Employees who are receiving service or disability retirement benefits under Plan D, Plan J or Plan X or who are entitled to separation service retirement benefits under Plan D, Plan J or Plan X and who, upon separation from service, did not withdraw their Member Contributions;
- Employees who are reemployed on or after January 1, 2010, and who, upon previous separation from service, did not withdraw their Member Contributions, if such Employee elects in writing within 30 days of reemployment to remain subject to the provisions of the Plan covering such Employee applicable when the Employee separated from service.

## **MEMBERSHIP UPON REEMPLOYMENT OF RETIRED MEMBERS**

### **Suspension of Retirement Benefits.**

When the City rehires a retired Member who receives Retirement Benefits from the Retirement System, their Retirement Benefits are suspended for the duration of the reemployment, unless the Member is rehired:

- as an election officer, a registrar of voters, or a juror; or
- as a member of a board or commission which does not participate in the Retirement System.

### **Reemployment of Retired Members of Plan D, Plan J or Plan X**

Any retired Member of Plan D, Plan J or Plan X upon reemployment shall become a Member of the appropriate Plan as if the Member became first employed on the date of reemployment. However, such Member is entitled to retire thereafter under the age and service provisions of the Plan applicable to the Member's employment at the time of the prior retirement.

Such Member will continue to accrue service credit during the period of reemployment. Upon subsequent retirement, the Member will receive the accrued benefit earned under the Member's original Plan together with any additional accrued benefit earned for the period of reemployment under the Plan which covers the Member during reemployment.

If the retired Member remains an Employee of the City continuously for three or more years after reemployment, the Member may elect to retire thereafter under the age and service provisions applicable at the time of such subsequent retirement with full Credited Service for the periods of service with the City before and after the initial retirement. Note that if such retired Member previously received an Option 5 partial lump sum benefit, then the Member's recalculated benefits must be actuarially reduced as set forth in Retirement Code Section 22-204 (3) (i).

### **Reemployment of Retired Members of Plan A, Plan B, Plan L, Plan Y, Plan 10 or Plan 16**

#### If reemployment is for less than 3 years

If the period of reemployment is less than 3 years, when the reemployed Member retires, the Member's previous Retirement Benefits will resume and the Board will refund the Member's regular Member Contributions made during the period of reemployment. The Member will not receive Credited Service for that period of reemployment.

#### If reemployment is for 3 or more years

If the period of reemployment is three or more years, when the reemployed Member retires, the Member's Retirement Benefits are redetermined to include Credited Service earned before and after reemployment. Note that if such retired Member previously received an Option 5 partial lump sum benefit, then the Member's redetermined benefits must be actuarially reduced as set forth in Retirement Code Section 22-204 (3) (i).

Please refer to Retirement Code Section 22-204 (6) and (7) respectively for the rules governing Credited Service and its purchase for employees of a "quasi-public agency" or for disabled Members upon employment or reemployment with the City.

## BENEFITS

To qualify for Retirement or Death Benefits, the Member or, as applicable, the Member's Beneficiary, Survivor or the Administrator of the Member's estate, must file an application for benefits with the Board that demonstrates their eligibility for the type of benefit they seek, and the Board must approve the application. If a Member is unable, by reason of any disability, personally to make application for any benefit under the Retirement Code, a Member's spouse, Life Partner, parent, son, daughter, brother, sister or legal representative, with appropriate verification, may make such application on behalf of the Member.

A handy comparison table of key features of Plan 87 (consisting of Plans A, B, Y and L), Plan 10 and Plan 16 concerning service retirement benefit eligibility, Average Final Compensation definitions, and benefit multiplier and formulas, appears in the Appendix to this reference guide.

## SERVICE RETIREMENT BENEFITS

### WHO IS ELIGIBLE? WHAT ARE THE ELIGIBILITY REQUIREMENTS?

- **Plans D and X:** Police and Fire Employees who reach age of 45.
- **Plan J:** Municipal Employees who reach age of 55 and have earned at least 1 year of Credited Service.
- **Plan Y:** Municipal Employees who reach age of 60 and have earned at least 10 years of Credited Service, unless the Municipal Employee is entitled to or elected accelerated vesting in 5 years. If the Municipal Employee is entitled to or elected accelerated vesting in 5 years, then such Municipal Employee must have earned at least 5 years of Credited Service.
- **Plans A and B:** Fire and Police Employees who reach age of 50 and have earned 10 years of Credited Service.
- **Plan L:** Elected Officials who reach age of 55 and have earned at least 10 years of Credited Service unless the Elected Official is entitled to or elected accelerated vesting equal to the lesser of two full terms or 8 years. If the Elected Official is entitled to or elected accelerated vesting equal to the lesser of two full terms or 8 years, then such Elected Official must have earned the lesser of two full terms or 8 years of Credited Service.
- **Plan 10:** Municipal Employee-Members of Plan 10 who reach age of 60 and have earned at least 10 years of Credited Service. Police and Fire Employee-Members of Plan 10 who reach age of 50 and have earned at least 10 years of Credited Service. Elected Official-Members of Plan 10 who reach age of 55 and have earned at least 10 years of Credited Service (or the lesser of two full terms in office or 8 years of Credited Service under accelerated vesting). Members who are both exempt from civil service and not represented by a union, and who vest or elected to vest in 5 years, must earn only 5 years of Credited Service.
- **Plan 16:** Members who reach age of 60 and earn at least 10 years of Credited Service. Municipal Employees who are both exempt from civil service and not represented by a union and vest in 7 years, must only earn 7 years of Credited Service.

## **ACCELERATED VESTING WITH PAYMENT OF ADDITIONAL CONTRIBUTIONS**

### **WHO IS ELIGIBLE? WHAT ARE THE ELIGIBILITY REQUIREMENTS?**

**Members of Plan Y or Plan 10 who do not have prior City service and are hired to positions that are both exempt from Civil Service and not entitled to be represented by a union.**

Entitled to vest with 5 years of Credited Service.

**Members of Plan Y and Plan 10 who have prior City service and are reemployed in positions that are both exempt from Civil Service and not entitled to be represented by a union.**

May elect to vest after earning 5 years of Credited Service. The Member must file this election in writing with the Board within 180 days after the date of the Member's reemployment.

**Members of Plan L and Elected Official Members of Plan 10 without prior City service.**

Entitled to vest with Credited Service equal to the lesser of two full terms in office or 8 years.

**Members of Plan L and Elected Official Members of Plan 10 with prior City service.**

May elect to vest upon earning Credited Service equal to the lesser of two full terms in office or 8 years. The Member must file this election in writing with the Board within 180 days after the date that the Member took office.

**Municipal Employee Members of Plan 16 who are not in the civil service and not represented by a union.**

Entitled to vest upon earning Credited Service of 7 years.

**Required Payment of Additional Member Contributions.** All Members who are entitled to or have elected accelerated vesting for a period of less than 10 years will pay additional Member Contributions at rates calculated by the actuary to account for their share of the higher cost resulting from the benefit of their earlier vesting period.

Note: Any Member of Plan A, Plan B, Plan L or Plan Y who made the election for accelerated vesting, when they complete 10 years of Credited Service, may elect to convert to a 10-year vesting period. The Member may apply to the Board for a refund of the higher cost paid by the Member for the additional benefit of accelerated vesting. Upon verification that the Member has earned 10 years of Credited Service, the Board will refund the additional Member Contributions paid for the benefit of accelerated vesting, without interest.

## **HOW IS THE BENEFIT AMOUNT CALCULATED?**

Examples provided below are offered for illustration only and use assumed hypothetical numbers. If you have any questions or need further information about benefits, including benefit calculations or estimates, please contact the Board of Pensions. The main telephone number for the Board of Pensions is 215-685-3480.

### **For Members of Plans D and X (Police and Fire Employees):**

Multiply the amount of Credited Service (expressed in years and specified to the day) by 2.5% of Average Final Compensation. The maximum percentage of Average Final Compensation for Police or Fire Employees is 100%.

**EXAMPLE: A Police or Fire Employee-Member of Plan D or X has 25 years of credited service and Average Final Compensation of \$60,000.**

**This Employee receives 62.5% of Average Final Compensation or \$37,500.**

$$25 \text{ years} \times 2.5\% = 62.5\%$$

$$62.5\% \times \$60,000 = \$37,500$$

**To calculate monthly benefit amount, divide by 12.    \$37,500/12 = \$ 3,125**

### **For Members of Plan J (Municipal Employees):**

For each year of Credited Service (expressed in years and specified to the day) up to, and including, 20 years, multiply that amount of Credited Service by 2.5% of Average Final Compensation. For each year of Credited Service after 20 years, multiply the amount of Credited Service above 20 years by 2% of Average Final Compensation. Add the two amounts. The maximum percentage of Average Final Compensation for Municipal Employees is 80%.

**EXAMPLE: A Municipal Employee-Member of Plan J has 25 years of Credited Service and Average Final Compensation of \$60,000.**

**This Employee receives 60% of Average Final Compensation or \$36,000.**

$$\text{First 20 years} \times 2.5\% = 50\%$$

$$\text{Next 5 years} \times 2.0\% = 10\%$$

$$50\% + 10\% = 60\%$$

$$60\% \times \$60,000 = \$36,000$$

**To calculate monthly benefit amount, divide by 12.    \$36,000/12= \$3,000**

**For Members of Plans A and B (Fire and Police Employees):**

- For each year of Credited Service (expressed in years and specified to the day) up to, and including, 20 years, multiply that amount of Credited Service by 2.2% of Average Final Compensation.
- For each year of Credited Service in excess of 20 years, multiply the amount of Credited Service above 20 years by 2% of Average Final Compensation. Add the two amounts.

The maximum percentage of Average Final Compensation is 100%.

**EXAMPLE:** A Fire or Police Employee-Member of Plan A or B has 25 years of Credited service and Average Final Compensation of \$60,000. This Employee receives 54% of Average Final Compensation or \$32,400.

$$20 \text{ years} \times 2.2\% = 44\%$$

$$5 \text{ years (over 20)} \times 2.0\% = 10\%$$

$$54\% \times \$60,000 = \$32,400$$

To calculate monthly benefit amount, divide by 12.  $\$32,400/12 = \$2,700$

**For Members of Plan Y or Municipal Employee Member of Plan 16:**

- For each year of Credited Service (expressed in years and specified to the day) up to, and including, 10 years, multiply that amount of Credited Service by 2.2% of Average Final Compensation.
- For each year of Credited Service in excess of 10 years, multiply that amount of Credited Service above 10 years by 2% of Average Final Compensation.

The maximum percentage of Average Final Compensation is 100%. Note: For Members of Plan 16, Average Final Compensation is limited by the Stacked Hybrid Cap.

**EXAMPLE:** A Municipal Employee has 25 years of Credited Service and Average Final Compensation of \$60,000. This Employee receives 52% of Average Final Compensation:

$$10 \text{ years} \times 2.2\% = 22\%$$

$$\text{Additional } 15 \text{ years} \times 2\% = 30\%$$

$$52\% \times \$60,000.00 = \$31,200.00$$

To calculate monthly benefit amount, divide by 12.  $\$31,200/12 = \$2,600.00$

**For Members of Plan L-Elected Officials:**

- For each year of Credited Service (expressed in years and specified to the day), multiply that amount of Credited Service by 3.5% of Average Final Compensation. The maximum percentage of Average Final Compensation is 100%.

**EXAMPLE: An Elected Official has 25 years of Credited Service and Average Final Compensation of \$105,000. The Elected Official receives 87.5% of Average Final Compensation:**

$$25 \text{ years} \times 3.5\% = 87.5\%$$

$$87.5\% \times \$105,000 = \$91,875.00$$

To calculate monthly benefit amount, divide by 12.  $\$91,875 / 12 = \$7,656.25$

**For Fire and Police Employee-Members of Plan 10:**

- For each year of Credited Service (expressed in years and specified to the day) up to a maximum of 20 years, multiply that amount of Credited Service by 1.75% of Average Final Compensation.

**EXAMPLE: A Police or Fire Employee Member of Plan 10 has 20 years of Credited service and Average Final Compensation of \$60,000. The Employee receives 35% of Average Final Compensation:**

$$20 \text{ years} \times 1.75\% = 35\%$$

$$35\% \times \$60,000.00 = \$21,000.00$$

To calculate monthly benefit amount, divide by 12.  $\$21,000 / 12 = \$1,750.00$

**For all Other Members of Plan 10:**

- For each year of Credited Service (expressed in years and specified to the day) up to a maximum of 20 years, multiply that amount of Credited Service by 1.25% of Average Final Compensation.

**EXAMPLE: A Municipal Employee or Elected Official Member of Plan 10 has 20 years of Credited Service and Average Final Compensation of \$60,000. This Employee receives 25% of Average Final Compensation:**

$$20 \text{ years} \times 1.25\% = 25\%$$

$$25\% \times \$60,000.00 = \$15,000.00$$

To calculate monthly benefit amount, divide by 12.  $\$15,000 / 12 = \$1,250.00$

Note: A Member of Plan A, Plan B, Plan D, Plan X or Fire or Police Employee Member of Plan 10 who has retired with 20 or more years of Credited Service will receive a monthly benefit amount of at least \$1,000, subject to the application of any distribution or early retirement option, or to any division required by any Court Order, including a Domestic Relations Order, or by the terms of any agreement by the Member.

### **What Happens When A Member Has Attained Maximum Credited Service?**

The maximum allowable benefit percentage for Plans A, B, D, L, X and Y is 100% of the Member's Average Final Compensation. Therefore, the maximum number of years of Credited Service that will count for determining benefit percentages and benefit amounts is as follows:

Plans D and X is 40 years (e.g., 40 years of Credited Service x 2.5% = 100%).

Plans A and B is 48 years;

Plan Y and Plan 16 is 49 years; and

Plan L is 28.57 years.

For Plan J, the maximum benefit percentage is 80% of the Member's Average Final Compensation. Accordingly, the maximum number of years of Credited Service is 35 years.

The maximum benefit percentage for Police and Fire Employee Members of Plan 10 is 35% of Average Final Compensation; for all other Members of Plan 10, the maximum benefit percentage is 25% of Average Final Compensation. The maximum number of years of Credited Service for Plan 10 Members is 20 years.

When the Member has attained the maximum number of years of allowable Credited Service, whether through continuous employment or through the purchase of Credited Service for prior City or other governmental/military service or approved leaves of absence, the Member may elect to suspend further contributions.

Upon filing a written election with the Board, the Member is entitled to a refund of all regular contributions made, without interest, after the date of completion of the maximum years of allowable Credited Service. A Member who has attained the maximum allowable Credited Service and who had previously purchased prior governmental or military service credit may elect to forfeit credit for that service and receive a refund of the total cost of purchase paid, including interest and penalties.

Note: Any Member who elects to cease making Member Contributions to the Retirement System shall have their service retirement benefit frozen as of the date their Member Contributions cease. As a result, if the Member receives any wage increase, or if one of the Member's "highest annual compensations" occurs after the date the Member stopped paying Member Contributions, the calculation of Average Final Compensation will not include that wage increase or annual compensation. The Member's Service Retirement Benefit will be determined as if the Member had retired from City service on the date that the Member stopped making Member Contributions.

## **Payment of Benefits**

Service Retirement Benefits begin to accrue the day after the effective date of Employee's retirement. Benefit payments are payable in equal monthly installments for the remainder of the retired Member's lifetime.

A retired Member can normally expect to receive their initial paycheck for Retirement Benefits within six to eight weeks after the effective date of retirement. This first payment will cover the benefit amount due and payable to such Member from the date of retirement through the date of payment.

When the retired Member dies, benefit payments stop unless the Member elected or is entitled to a survivorship benefit option. Please refer to Survivorship Benefits section below.

## **EARLY RETIREMENT BENEFITS**

### **WHO IS ELIGIBLE? WHAT ARE THE ELIGIBILITY REQUIREMENTS?**

**Members of Plan J, Plan L, Plan Y, Plan 10 who are Municipal Employees or Elected Officials and Plan 16:** are eligible for early retirement benefits at age 52 if they have 10 years of Credited Service. Note: Any Member of Plan Y, Plan 10 who is a Municipal Employee, or Plan 16 is eligible if such Member has at least 33 years of Credited Service, regardless of age.

**Members of Plan A, Plan B, Plan D or Plan X:** are eligible for early retirement benefits at age 40 if they have 10 years of credited service. Note: Any Member of Plan A or Plan B is eligible if such Member has at least 25 years of Credited Service, regardless of age.

### **HOW IS THE BENEFIT AMOUNT CALCULATED?**

Calculate the annual (and monthly) service retirement benefit amount in the same manner as described before, then apply a reduction of one-half of 1% for each month the Member is younger than the minimum retirement age for their Plan.

Note: This reduction does not apply to the following Members:

- Members of Plan Y, Municipal Employee-Member of Plan 10 or Member of Plan 16 who have at least 33 years of Credited Service; and
- Members of Plan A or Plan B who have at least 25 years of Credited Service.

**EXAMPLE: A Municipal Employee-Member is age 53, has 25 years of Credited Service, and Average Final Compensation of \$60,000.**

**First Calculate Annual Service Retirement Benefit**  
**\$60,000.00 X 60% = \$36,000.00.**

**To determine monthly benefit amount, divide by 12 = \$36,000/12 = \$3000**

**However, the retiring Employee is only age 53 which is two years (or 24 months) younger than the minimum retirement age of 55.**

**Therefore, to determine the early retirement benefit amount, apply the reduction percentage as follows:**

**Reduction %:  $\frac{1}{2}$  of 1% X 24 months = 12%. Reduction Amount: \$3,000 X 12% = \$360**

**Monthly Early Retirement Amount: \$3,000-\$360 = \$2,640.**

## **SEPARATION SERVICE BENEFITS**

### **WHO IS ELIGIBLE? WHAT ARE THE ELIGIBILITY REQUIREMENTS?**

Any Member who separates from service before attaining their minimum retirement age but after earning the number of years of Credited Service necessary to vest is eligible for separation retirement benefits if the Member has not withdrawn their Member Contributions made to the Retirement System. Separation retirement benefits begin when the separated Member reaches the minimum retirement age for their Plan. The Member may apply for optional early retirement benefits.

Any Member who separates from service and withdraws such Member Contributions made to the Retirement System before becoming eligible is entitled to receive only their Member Contributions without interest. Upon withdrawal of Member Contributions, membership in the Retirement System terminates.

### **HOW IS THE BENEFIT AMOUNT CALCULATED?**

The separation service benefit amount is calculated in the same manner as a service retirement benefit, using Credited Service and Average Final Compensation at the date of Separation from Service.

Note: If the Member dies before the separation service benefits begin, the Member's death will be treated as the death of an active Employee and the Member's Beneficiary will be eligible for ordinary death benefits.

## **DEFERRED RETIREMENT OPTION PLAN– DROP**

### **WHO IS ELIGIBLE? WHAT ARE THE ELIGIBILITY REQUIREMENTS?**

#### **Members of Plan A, Plan B, Plan D, Plan X and Police or Fire Employee-Members of Plan 10:**

Any Police or Fire Employee, who is an active Employee of the City, has at least 10 years of Credited Service, and has attained minimum retirement age for their Plan, may apply to enroll in the DROP.

#### **Members of Plan J, Plan Y, Municipal Employee-Members of Plan 10 and Plan 16:**

Except for Non-represented and Exempt Employees, any Municipal Employee, who is an active Employee of the City, has at least 10 years of Credited Service, and has attained the minimum retirement age for their Plan, may apply to enroll in the DROP. Non-represented and Exempt Employees may apply to enroll in the DROP on or after two years beyond their minimum retirement age.

#### **Members of Plan L:**

An Elected Official elected to office after September 18, 2009 is ineligible to participate in the DROP except for an Elected Official who was elected to office before September 18, 2009 during any successive term or terms of office to which such Elected Official is reelected.

Note: A former DROP participant who is rehired as an Employee of the City is ineligible to participate again in the DROP.

**YOUR ELECTION TO PARTICIPATE IN DROP IS NOT REVOCABLE.** Once approved to participate in the DROP, a Member may not change or revoke their election to participate in the DROP.

### **HOW IS THE BENEFIT AMOUNT CALCULATED?**

**Effective Date:** The date provided on the Member's approved application is the effective date of a Member's participation in the DROP if: this date is the beginning of a full pay period; is not earlier than the date the Member first became eligible to participate in the DROP; and is not earlier than 90 or more than 180 days after the date of filing an application with the Board.

**Member Contributions:** Upon a Member's entry into the DROP and for the duration of the DROP period, the Member will cease to make Member Contributions to the Retirement System and their Credited Service is frozen. After entry into the DROP, no Member may purchase any Credited Service although a Member may complete any installment purchase as provided in Section 22-806(4) of the Retirement Code.

**Benefit Calculation:** The monthly service retirement benefit amount is calculated as of the day before your DROP enrollment date. The monthly DROP pension benefit amount is equal to:

- the Member's accrued monthly service retirement benefit (as of the effective date of participation in the DROP); plus
- interest on the DROP account balance compounded monthly at an interest rate set each year on January 1 that is the lesser: of the yield then in effect on one-year United States Treasury bonds or one-half of the interest rate then in effect used to calculate the earnings of the reserves of the Retirement System as adopted by the Board with the advice of the actuarial consultant.

**Note: Any Member eligible to participate in DROP under the provisions of Section 22-310 of the Retirement Code in effect before December 14, 2011--the effective date of amendments to this section of the Retirement Code adopted by Council—will continue to be governed by the provisions of Section 22-310 as it existed before December 14, 2011.**

Credits to the participating Member's DROP account continue until the Member separates from service with the City. The participating Member may continue to work for the City of Philadelphia but must separate from service no later than four years after the DROP entry date. No credits to a participating Member's DROP account will be made for any period after the Member separates from service.

**Payment:** When the Member separates from service, the Member is entitled to receive the accumulated DROP account balance in a lump sum payment. The Member is also eligible to receive thereafter the monthly service retirement benefit amount.

Upon the death of a Member during the Member's participation in the DROP, the Member's total DROP account balance at the time of death shall be added to any benefit payable to the Beneficiary in accordance with Chapter 22-500 of the Retirement Code (Death Benefits).

For further information concerning how and when to apply to participate in the DROP and any questions concerning eligibility and benefit calculations, please contact the Board of Pensions (215-685-3480) to arrange an appointment with a pension counselor.

## **DISABILITY BENEFITS**

### **SERVICE-CONNECTED DISABILITY BENEFITS**

To qualify for service-connected disability benefits (“SCD” benefits”), the Member must file an application for SCD benefits with the Board within one (1) year after the date of the Member’s Separation from Service. The Board may only approve the application after the Member undergoes a medical examination with the Medical Panel and the Board receives from the Medical Panel a written report including medical findings and opinions that demonstrates eligibility.

#### **WHO IS ELIGIBLE? WHAT ARE THE ELIGIBILITY REQUIREMENTS?**

For eligibility, a Member is not required to have any minimum Credited Service. The Board must find that: the Member is mentally or physically and **permanently** incapacitated from further performance of the duties of the Member’s position; that such incapacity resulted solely from the performance of the duties of the Member’s position; and that such incapacity was not caused by the Member’s own wrongful conduct.

#### **HOW IS THE BENEFIT AMOUNT CALCULATED?**

Upon approval by the Board, the eligible Member is retired and entitled to receive an annual retirement benefit equal to 70% of the Member’s Final Compensation for the lifetime of the Member unless the Member is subject to any reduction or adjustment as described in the Note below. The Member may also elect either to receive a lump-sum payment equal to the Member’s Contributions (without interest) or to exercise any Survivor benefit option applicable to that Member’s Plan. If the Member elects to receive a return of Contribution, the election is final and not revocable, and the Survivor Benefit is not available. Special rules govern whether and how much of a periodic adjustment applies to the calculation of Final Compensation for the purposes of determining SCD Benefit Amount. Please refer to Retirement Code, Section 22-401(5).

If any Member who is approved for SCD benefits receives or is entitled to receive compensation from the City Treasury, workers’ compensation benefits or payments in the nature of workers compensation from any source, the SCD benefit amount will be reduced dollar for dollar by any amount paid or payable by City Treasury or as Workers’ Compensation benefits even though all or part of the amount payable is wholly or partially commuted. Certain exceptions apply. Please contact the Board of Pensions (215-685-3480) with any questions.

**Note:** Subject to the application of any distribution option, or to any division of the benefit as required by any Court Order, including a Domestic Relations Order, or by the terms of any agreement by the Member, the minimum monthly SCD benefit for a Fire or Police Employee is \$1000.

#### **SCD Benefits vs. Other Benefits**

Other than a Fire Employee represented by Local 22 of the I.A.F.F. or a Sheriff Department Employee represented by Lodge 5 of the F.O.P., no Member who receives an award of workers’ compensation benefits and who could qualify for an SCD Benefit may forego receiving a SCD Benefit in favor of a service retirement benefit, early retirement benefit, or separation service retirement benefit. If the Member has applied for or is receiving service retirement benefits, separation service retirement benefit or early retirement benefit and has received or does receive

an award of Workers' Compensation for total or partial disability, the Board must treat the Member's retirement application as if the Member applied for SCD benefits.

If the Board determines that the application meets the requirements for an SCD benefit, the Board shall deem the Member retired on that basis. If the Member has begun to receive service retirement, separation service or early retirement benefits, that benefit will be converted to an SCD benefit as of the date of the Member's Separation from Service.

### **Reexamination**

Pursuant to Retirement Code Section 22-403(1), the Board may require that a Member receiving SCD benefits undergo a medical examination by the Medical Panel if the Member is younger than the minimum retirement age of their Plan. The Board has adopted a Policy and Procedure for Reexamination pursuant to Retirement Code Section 22-403. If a Member is selected for re-examination, the reexamination will determine the Member's continued eligibility for SCD benefits. Please contact the Board of Pensions (215-685-3480) to request a paper copy or to receive an electronic copy or image of the Policy and Procedures.

## **ORDINARY DISABILITY BENEFITS**

To qualify for ordinary disability benefits, the Member must file an application for such benefits with the Board within one (1) year after the date of the Member's Separation from Service. The Board may only approve the application after the Member undergoes a medical examination with the Medical Panel and the Board receives from the Medical Panel a written report including medical findings and opinions that demonstrates eligibility.

### **WHO IS ELIGIBLE? WHAT ARE THE ELIGIBILITY REQUIREMENTS?**

The Member must have or must be deemed to have completed at least the number of years of Credited Service set forth below and the Board must find that: the Member is mentally or physically and **permanently** incapacitated from further performance of the duties of the Member's position; and that such incapacity was not the result of dissipation or immoral habits or practices, or was not incurred in the commission of a crime.

**Municipal Employees and Elected Officials (Members of Plans J, L, Y or 16): 10.**

Note: Members who are eligible for an accelerated vesting period of lesser than 10 years and have made all contributions necessary to attain such eligibility (or completed payment within 90 days after the date of Separation from Service) must have completed such lesser vesting period.

**Fire employees (Member of Plans A, X or 10): 5.**

**Police employees (Member of Plans B or D): 10,** unless the disability is total and permanent in which case the Police Employee is deemed to have completed 10 years of Credited Service.

Other than a Fire Employee represented by Local 22 of the I.A.F.F. or a Sheriff Department Employee represented by Lodge 5 of the F.O.P., no Member will be approved for an ordinary disability benefit if their incapacity would entitle the Member to SCD benefits. Upon application for ordinary disability benefits by such a Member, if the Board finds that the Member qualifies for SCD benefits, the Member shall be retired and receive SCD benefits.

Other than a Fire Employee represented by Local 22 of the I.A.F.F. or a Sheriff Department Employee represented by Lodge 5 of the F.O.P., no Member shall be eligible for ordinary disability benefits if the Member is receiving or is eligible to receive Workers' Compensation benefits. If the Board finds that a Member (other than a Fire Employee represented by Local 22 of the I.A.F.F. or a Sheriff Department Employee represented by Lodge 5 of the F.O.P.), who is receiving ordinary disability benefits, is also receiving or entitled to receive compensation from the City Treasury, workers' compensation benefits or payments in the nature of workers compensation, the Board will terminate the ordinary disability benefit. The Member may then apply for separation service retirement benefits when the Member reaches the Minimum Retirement Age for their Plan.

#### **HOW IS THE BENEFIT AMOUNT CALCULATED?**

The Member shall receive an annual disability benefit equal to the annual service retirement benefit calculated based upon the Member's Average Final Compensation and Credited Service.

## SURVIVORSHIP BENEFITS

Survivorship benefits are those benefits payable or paid to properly designated Survivors pursuant to a valid designation upon the death of a retired Member. Each Member upon retirement must make an irrevocable designation of their Survivors. A Member must make the designation in writing and file the written designation with the Board.

**Permissible Designations.** A Member may designate only the following people (or a trust) as Survivors:

- Spouse;

Note: The Board no longer recognizes a person designated as a “spouse” through “common-law-marriage” after November 23, 2004. Nor will the Board determine that a common-law marriage exists if the applicant for benefits relied upon evidence of a common-law marriage that commenced after October 18, 2003. Kindly refer to Board Regulation #7.

Under Pennsylvania law, no common-law marriage entered into after January 1, 2005 is valid. See 23 Pa. C.S.A. Sec. 1103, Act of Nov. 23, 2004, No. 144.

- Life Partner;

The Board will recognize a person designated as a Life Partner only with verification pursuant to Section 9-1123 of the Philadelphia Code (relating to Verification of Life Partnerships), including having on file with the Board a valid Verification Statement.

- Natural or adopted child or children of the Member;
- Natural or adopted grandchild or grandchildren of the Member if the Member had court-ordered or court-sanctioned physical or legal custody of the grandchild or grandchildren;
- A trust for the benefit of a disabled natural or a disabled adopted child of the Member or for the benefit of a disabled natural or adopted grandchild of the Member if the Member had court-ordered or court-sanctioned physical and legal custody of the grandchild, upon satisfaction of the following conditions:
  - (a) the beneficiary of the trust shall be irrevocable no later than the date of the retirement or death of the Member, whichever occurs first;
  - (b) the trust must be a valid trust under Pennsylvania law or would be a valid trust but for the fact that there is no trust corpus;
  - (c) the trust must be irrevocable;
  - (d) the beneficiaries of the trust must be identifiable from the trust instrument;
  - (e) the Pension Board must receive a copy of the trust within thirty (30) days from the date of the Member's submission of the document designating the trust as a Survivor; and
  - (f) the determining life shall be the lifetime of the irrevocable beneficiaries of the trust if the annual benefit is to be paid monthly “for life” under this Ordinance.
- The parent or parents of the Member;

- Individuals within any of the following categories who are specifically designated: stepchild or foster child of the Member; child of the Member's Life Partner; child for whom the Member stood in loco parentis; individual whom the Member is legally obligated to support; a relative by blood or marriage or relative of a Life Partner; or any other person designated by the Member;
- The Estate of the Member if the Member retired under Survivorship Benefit Option 1 or 4.

## DEATH BENEFITS

**Permissible Designations.** A Member must make their designation of their Beneficiaries in writing and file the written designation with the Board during the Member's employment. For the individuals or trust that a Member may designate as Beneficiaries, kindly refer to **Permissible Designations** under the Survivorship Benefits section of this guide.

Note: Under Retirement Code Sec. 22-701 (1)(a) ("Permissible Designations"), the Member may only designate as a Beneficiary a spouse or Life Partner who either lived with the Member at the time of death of the Member or is entitled to financial support by the Member.

### **Effect of Invalid or No Designation; Death of Designated Beneficiary**

If the Member made an invalid designation of Beneficiaries, or failed to make a designation of Beneficiaries, or the designated Beneficiary(ies) die before the Member, any benefits payable will be paid to the surviving relatives among those listed and in the priority set forth in Retirement Code Section 22-701(1) (a), (b), (c) and (d). If no individual qualifies, no benefits will be paid except ordinary death benefits will be paid to the deceased Member's estate.

### **Note: Applicability and Effect of 20 Pa.C.S.A. Section 6111.2 (Effect of Divorce or Pending Divorce and the Death of the Member on any Designation of Beneficiaries).**

Any designation of a Member's spouse is ineffective if the Member dies and at such time the Member is either: (a) divorced from such spouse pursuant to a decree of divorce or (b) divorce proceedings are pending and grounds for divorce have been established as provided in 23 Pa.C.S. Section 3323(g) even though a decree of divorce has not yet been entered. Such a designation of the spouse (or former spouse) will be construed as if the spouse or former spouse had predeceased the Member unless the designation was intended to survive the divorce based on the following documents or circumstances:

- The wording of the designation;
- A court order;
- A written contract between the Member and the spouse or former spouse; or
- The Member designated the former spouse as a beneficiary after the issuance of the divorce decree.

## ORDINARY DEATH BENEFITS

### **WHO IS ELIGIBLE? WHAT ARE THE ELIGIBILITY REQUIREMENTS?**

Ordinary Death benefits are those benefits payable or paid to the designated Beneficiaries upon the death of an active Employee or vested separated Member who has not received any retirement or disability benefits from the Retirement System. A Beneficiary may receive ordinary death benefits through either lump sum or lifetime monthly payments depending on the number of years of Credited Service earned and required to vest or whether the deceased Member had attained minimum retirement age.

If the deceased Member had completed less than 10 years of Credited Service (or the lesser period needed under accelerated vesting) and is younger than minimum retirement age for their Plan, the Beneficiary is eligible only to a lump sum benefit payment. If the deceased Employee had reached the minimum retirement age for their Plan or had earned or is deemed to have earned 10 or more years of Credited Service, the Beneficiary may elect a lump sum benefit or a lifetime monthly pension. Police and Fire employees will be considered as having completed 10 years of Credited Service.

Note: No spouse or surviving Life Partner of a Member of Plan D, Plan J, or Plan X is entitled to receive ordinary death benefits unless such spouse or Life Partner (a) was married to or in a Life Partnership with the deceased Member for not less than two full years before the death of the Member and was living with or entitled to support from such Member at the date of death or (b) was designated in writing as the Beneficiary.

### **HOW IS THE BENEFIT AMOUNT CALCULATED?**

The lump sum payment is equal to:

- the deceased Employee's Member Contributions, without interest; together with
- an additional amount obtained by: multiplying the Member's Average Final Compensation by 10% for each full year of Credited Service; divided by the number of years of Credited Service required for that Member to become a Vested Member (not to exceed 100% of the Average Final Compensation); and reduced by any amount provided solely by the City under any group life insurance.

**EXAMPLE: Beneficiary receives the Employee's Member Contributions,**

**PLUS, an additional amount calculated as follows:**

Average Final Compensation	Years of Credited Service	Years Required to Vest	Additional Death Benefit
\$50,000	X 8	10	= \$40,000 (Municipal/Elected Official)
\$50,000	X 8 (*deemed 10)	*deemed 10	= \$50,000 (Police or Fire Employee)

**LESS: Amount of Group Life Insurance paid by the City.**

If the Beneficiary chooses to receive a lifetime monthly benefit, the benefit amount will equal the service retirement benefit amount calculated as though the deceased Member had retired on the day before death and had elected Option 2 survivorship benefits.

## **SERVICE-CONNECTED DEATH BENEFITS**

### **WHO IS ELIGIBLE? WHAT ARE THE ELIGIBILITY REQUIREMENTS?**

The qualifying Beneficiaries designated under the Retirement Code at Section 22-501 (2) (as modified by Act of Nov. 30, 2004, P.L. 1427, No. 184) \*

if the Board determines that the death of the Member resulted solely from the performance of the duties of such Member's position and was not caused by the Member's own wrongful conduct. In making this determination, the Board must engage the services of the Medical Panel and may only grant an application for service-connected death benefits after receiving a medical report, including medical opinions and findings, from the Medical Panel.

Survivors who receive service-connected death benefits must file with the Board no later than January 15 of each year either proof of widowhood, of non-participation in a Life Partnership, or of dependency, as applicable. The failure of any Survivor to file timely such proof with the Board shall result in the suspension of any service-connected death benefit payments until filing of such proof.

### **HOW IS THE BENEFIT AMOUNT CALCULATED?**

The Service-Connected Death Benefit is equal to:

- the total amount of Member Contributions made to the Retirement System by the deceased Member without interest; together with
- an additional annual amount based upon the Final Compensation of the Deceased Member and the relationship of the Survivors/Beneficiaries to the deceased Member as described summarily below.

Receipt of workers' compensation benefits for service-connected death will result in a reduction of the service-connected death benefit by the amount received in workers' compensation benefit.

#### **1. Surviving Spouse or Surviving Life Partner and Surviving Children:**

The surviving spouse or surviving Life Partner who was living with or entitled to support from the Member at the time of the Member's death will receive 60% of the Final Compensation of the deceased Member for the life of the Spouse or Life Partner. Each surviving child of the deceased Member who is under the age of 18 will receive 10% of the Final Compensation of the deceased Member until such child reaches the age of 18. However, the total annual amount may not exceed 80% of the deceased Member's Final Compensation.

#### **2. Dependent Children Under the Age of 18 if No Surviving or otherwise Eligible Spouse or Life Partner:**

If there is no surviving spouse or Life Partner or the surviving spouse or surviving Life Partner (other than a surviving spouse or Life Partner of a deceased Police Employee-Member) marries or re-enters into a Life Partnership with another before any surviving child reaches the age of 18\*, then each surviving child will receive 25% of the Final Compensation of the deceased Member. However, the total annual amount payable to such children may not exceed 75% of the deceased Member's Final Compensation. If more than 3 children under the age of 18 survive the Deceased Member, the children will receive the 75% of the deceased Member's Final Compensation apportioned in equal shares.

**\*In accordance with the Act of Nov. 30, 2004, P.L. 1427, No. 184, together with Chapter 9-1100 of the Philadelphia Code (Fair Practices Ordinance: Protections Against Unlawful Discrimination), the Retirement System does not as a matter of policy deny service-connected death benefits to any surviving spouse or Life Partner of any Police Employee on the basis of the remarriage or subsequent marriage or entry into a Life Partnership by the surviving spouse or the marriage or re-entry into a Life Partnership by the surviving Life Partner unless the Life Partnership has terminated.**

3. Dependent Parent(s) if No Surviving Eligible Spouse or Life Partner and No Dependent Child:

When there is no such surviving spouse or surviving Life Partner and no surviving child under the age of 18 years, the surviving father and/or mother, if any, of the deceased Member will receive 15% of the Final Compensation of the deceased Member but only if the Board, after investigation, makes a determination that such surviving parent or parents (was) were dependent upon the deceased Member through absence of earning power as a result of disability or old age.

4. Designated Beneficiary if No Surviving Eligible Spouse or Life Partner, Dependent Child or Dependent Parent:

When there is no such surviving spouse or surviving Life Partner, no surviving child under the age of 18 years, or surviving dependent father and/or mother of the deceased Member, then the deceased Member's designated beneficiaries will receive the ordinary death benefit calculated in accordance with Retirement Code Section 22-502(2) as summarily explained above under the Ordinary Death Benefits section.

**Surviving Spouse/Life Partner Election to Receive Ordinary Death Benefits Instead of Service-Connected Death Benefits**

The surviving spouse or Life Partner of a deceased Member whose death the Board has determined qualifies as a service-connected death may elect to receive ordinary death benefits in lieu of service-connected death benefits. If the surviving spouse or Life Partner dies and there is a child or children under the age of 18, then the surviving dependent child/children will receive equal shares of the annual ordinary death benefit amount. If any such child dies before age 18 or reaches the age of 18, the Board will distribute the ordinary death benefit amount to a surviving child under age 18 or redistribute the ordinary death benefit amount in equal shares among the remaining surviving children under age 18.

## **SERVICE-CONNECTED HEALTH CARE BENEFIT**

### **WHO IS ELIGIBLE? WHAT ARE THE ELIGIBILITY REQUIREMENTS?**

**The qualifying Survivors of a deceased Police Employee-Member of Plan B, Plan D or Plan 10 or of a Fire Employee-Member of Plan A, Plan X or Plan 10** will receive a service-connected health care benefit if the Board determines that the death of such Police Employee or Fire Employee Member resulted from the performance of the duties of such Member's position. In making this determination, the Board must engage the services of the Medical Panel and may only grant an application for service-connected health care benefits after receiving a medical report, including medical opinions and findings, from the Medical Panel.

Except for surviving spouses or Life Partners of Police Employees\*, payment of the service-connected health care benefit will cease upon the spouse's remarriage or entry into a Life Partnership. Payment of the service-connected health care benefit to a surviving Life Partner will cease upon the Life Partner's marriage or re-entry into a Life Partnership.

Service-connected health care benefits to any surviving child will cease when the child reaches the age of 18 years (See Note Below) unless the child upon attaining age 18 remains dependent because of physical or mental infirmity or the child is enrolled as a full-time undergraduate student. For children so dependent, coverage payments will continue for the duration of the infirmity. For children enrolled as a full-time undergraduate student, coverage payments will continue until age 22 or until the child ceases such enrollment, whichever occurs first.

**\*In accordance with the Act of Nov. 30, 2004, P.L. 1427, No. 184, together with Chapter 9-1100 of the Philadelphia Code (Fair Practices Ordinance: Protections Against Unlawful Discrimination), the Retirement System does not as a matter of policy deny service-connected health care benefits to any surviving spouse or Life Partner of any Police Employee on the basis of the remarriage or subsequent marriage or entry into a Life Partnership by the surviving spouse or the marriage or re-entry into a Life Partnership by the surviving Life Partner unless the Life Partnership has terminated.**

Note: Please contact the Board of Pensions (215-685-3480) to inquire whether any surviving child may qualify for extended age eligibility under any federal law or regulation.

### **HOW IS THE BENEFIT AMOUNT CALCULATED?**

The service-connected health care benefit will consist of regular payments of an amount equal to the appropriate cost of maintaining medical, dental, optical and pharmaceutical prescription benefits for the qualifying beneficiaries at the same benefit level as would have been in effect if the deceased Member were still alive and employed in same position that Member held at the time of death. If any beneficiary is entitled to medical, dental, optical or pharmaceutical prescription benefits through a group health insurance plan, such plan is primary and the service-connected health care benefit available under the Retirement Code is secondary.

## **RETIREMENT AND SURVIVOR BENEFIT OPTIONS**

Any Member may at any time before retirement elect in writing one of the following five options concerning payment of retirement and survivor benefits.

**Option 1** – The retired Member will receive Retirement Benefits in the form of an annuity for life. Upon the death of the Retired Member, the Member's designated Survivor will receive payment of a lump sum equal to the excess, if any, of the Member's total contributions to the Retirement System over the amount of Retirement Benefits paid to the Member.

Example: At the time of death, the retired Member had contributed \$40,000.00 to the Retirement System and received \$34,000.00 in monthly Retirement Benefit payments. The excess balance of \$6,000.00 will be paid to the Member's designated Survivor. This feature is called a "guaranteed return of contributions".

**Option 2** – The retired Member will receive a reduced (actuarially determined) Retirement Benefit in the form of an annuity for life. Upon the death of the Retired Member, the Member's designated Survivor will receive the same Retirement Benefit amount as that received by the Member for the life of the Survivor.

**Option 3** – The retired Member will receive a reduced (actuarially determined) Retirement Benefit in the form of an annuity for life. Upon the death of the Retired Member, the Member's designated Survivor will receive one-half of the Retirement Benefit amount received by the Member for the life of the Survivor.

**NOTE:** Options 2 and 3 do not provide for a guaranteed return of contributions. However, if all Designated Survivors die before the retired Member, the retired Member may, within one year of the death of the last of the designated survivors, designate a new Survivor.

This option to re-designate a Survivor may be exercised one time only. If the retired Member fails to exercise the option to re-designate within one year of the last Survivor's death, the retired Member's retirement benefit amount will be adjusted to reflect the absence of a Survivor.

If the last Survivor(s) duly designated by the retired Member die before the retired Member, then, upon the death of the retired Member, the unpaid balance of the retired Member's contributions to the Retirement System will be paid as follows:

- to the Member's estate, if the Retired Member elected Option 1;
- no further Retirement Benefits will be paid if the Retired Member elected Option 2 or Option 3.

**Option 4** -Only Members of Plans A, B, D, J, and Police and Fire Employee-Members of Plan 10 may elect Option 4. The retired Member will receive Retirement Benefits in the form of an annuity for life. If the retired Member elected this option or dies without having elected any option, the Member's surviving spouse or Life Partner will receive one-half of the amount of the Member's Retirement Benefit, without reduction, provided they were married or verified Life Partners at least two (2) years before retirement or the date on which a separated Member became eligible to apply for retirement benefits.

**Option 5**-The retired Member may choose one of Options 1 through 3, or Option 4 if eligible to do so, and elect to receive a partial lump sum amount of between 6 and 36 monthly payments of Retirement Benefits payable under the chosen Option. The retired Member must specify the number of lump sum months that the Member elects to receive under this Option 5. The remaining monthly benefit amount is reduced so that the partial lump sum amount plus the reduced benefit amount is actuarially equivalent to the original benefit amount.

Option 5 is not available to a Member who at any time has elected to participate in the DROP. Nor may a rehired Member who previously elected Option 5 elect Option 5 after rehiring.

Upon the death of the surviving spouse or Life Partner, or if there is no surviving spouse or Life Partner who qualifies under the previous paragraph, the Retirement Benefit will be paid to the dependent children, either natural or adopted, and to the dependent grandchildren of the deceased Member if the deceased Member had court-ordered or court-sanctioned physical and legal custody of the grandchild. Payments to each child or grandchild continue until each child or grandchild reaches age eighteen (18) or for any such child or grandchild that remains dependent because of physical or mental infirmity, the duration of the infirmity. If there is no eligible child or eligible grandchild, the Retirement Benefit will be paid to the dependent parent or parents of the deceased Member.

Upon election of the Member at any time during the Member's life, any benefit otherwise payable after the Member's death to a child or eligible grandchild who remains dependent at the time of the Member's death because of physical or mental infirmity may instead be paid to a trust for the benefit of that child, so long as the trust meets the following conditions:

- (a) the beneficiary of the trust shall be irrevocable no later than the date of the election or death of the Member, whichever occurs first;
- (b) the trust must be a valid trust under Pennsylvania law or would be a valid trust but for the fact that there is no trust corpus;
- (c) the trust must be irrevocable;
- (d) the beneficiaries of the trust must be identifiable from the trust instrument;
- (e) a copy of the trust must be provided to the Pension Board within thirty (30) days of the date of the Member's submission of the document designating the trust as a Survivor; and
- (f) the determining life in the case of an annual benefit to be paid monthly "for life" shall be the lifetime of the irrevocable beneficiaries of the trust.

If there is no surviving spouse or Life Partner, dependent child, eligible grandchild, or parent who qualifies, and the Member dies before receiving Retirement Benefits equal to his/her Member Contributions, then the balance shall be paid to the Estate of the Member if the Member elected Option 1 or 4.

#### **Failure to choose Option.**

If a Member of Plan L, Plan Y or Plan 16, or Member of Plan 10 who is a Municipal Employee or Elected Official retires without electing a Retirement Benefit Option among Options 1 through 3, such Member shall receive Retirement Benefits without actuarial reduction except for any such reduction resulting from the receipt of Early Retirement Benefits.

**Change of Option.**

Until retirement, a Member may revoke the election of any option under this section, and may elect any other option, except that only Members of Plan A, Plan B, Plan D, Plan J, Plan X or Police or Fire Employees-Members of Plan 10 may elect Option 4. On retirement, subject to the provisions of Retirement Code § 22-702 relating to Designation of Survivors (please refer to Survivorship Benefits section for summary description), the Member's last election of any of the foregoing options shall be irrevocable.

**Failure to designate Survivor.**

When a Member of Plan A, Plan B, Plan L, Plan Y, Plan 10 or Plan 16 dies without designating a Survivor upon retirement, no further benefits will be paid unless such Member is survived by a spouse or Life Partner, they had been married or in a verified Life Partnership for 2 years or more, and, at the time of death, the Member was either living with such surviving spouse or Life Partner or they had one or more children who are under the age of 18. Such eligible surviving spouse or Life Partner shall be deemed a designated Survivor under Option 1.

**Effect of designating impermissible Survivor.**

When a Member designates an impermissible Survivor under Retirement Code § 22-702, the designation is invalid and of no effect. Any Survivor shall be determined in accordance with the provisions of Retirement Code § 22-702 (Designation of Survivors).

With respect to a Member who had elected Option 1, any amount payable upon the death of such Member shall be paid to the Member's Survivors, if any, in accordance with the provisions of Retirement Code § 22-702. With respect to a Member who had elected Option 2 or Option 3, the additional amount that would have been paid to the Member during the Member's lifetime, if the member had not elected Option 2 or Option 3, shall be paid to the member's Survivors, if any, in accordance with the provisions of Retirement Code § 22-702.

**Required Minimum Distribution.**

In no event may a Member elect a form of Retirement Benefit payable over a period that fails to comply with the required distribution provisions of Section 401(a)(9) of the Internal Revenue Code, as amended, including the incidental benefit distribution requirements.

**Death Benefits under USERRA (Uniformed Services Employment and Reemployment Rights Act of 1994, 38 U.S.C. Sec. 4303 et seq.)**

Kindly refer to Retirement Code §22-306 (7). This section is construed in accordance with §401 (a)(37) of the Internal Revenue Code, as amended, Internal Revenue Service Notice 2010-15 and any superseding/subsequent guidance.

Please contact the Board of Pensions with any questions. The main telephone number for the Board of Pensions is 215-685-3480.

## PURCHASE OF CREDITED SERVICE

A Member may purchase certain qualifying periods of service or of approved leave to earn Credited Service with the Retirement System. When purchased, these periods of service (or of approved leave) are added to the total Credited Service for the purpose of calculating the annual Retirement Benefit as well as the number of years of Credited Service earned for vesting under the Member's Applicable Plan.

**EXAMPLE:** A Member of Plan J was hired for City employment on September 21, 1992. On October 15, 1997, the Member elected to purchase 2 years of prior qualifying military service. The Member separated from employment effective June 30, 2001. The Member had made all Member Contributions required of him under his applicable Plan.

The Member has total Credited Service equal to 10 years, 9 months and 10 days and has vested, computed as follows: 8 years, 9 months and 10 days of Credited Service for the period of service as an Employee during which the Member made Member Contributions to the Retirement System; and 2 years of Credited Service for the period of qualifying military service purchased by the Member.

Members must complete purchases of Credited Service at the appropriate contribution rates or payment amounts and in accordance with the time limits and other conditions or limitations set forth in Retirement Code Chapter 22-800. A Member seeking to purchase a qualifying period of service as Credited Service may make payment for the purchase in a lump sum, through a payroll installment account, or through direct transfers from the following accounts of the Member:

- an account under an eligible deferred compensation plan under Section 457(b) of the Internal Revenue Code;
- an annuity contract or a custodial account under Section 403(b) of the Internal Revenue Code;
- a qualified pension or profit-sharing plan under Section 401(a) of the Internal Revenue Code (including a cash or deferred arrangement under Section 401(k) of the Internal Revenue Code) excluding amounts attributable to Roth or after-tax contributions; or
- an individual retirement account under Section 408 of the Internal Revenue Code excluding amounts attributable to Roth contributions.

### Payroll Installment Account

To establish a payroll installment account, the Member must provide written authorization to the Board for such deductions from the Member's paycheck. To make payment through direct transfer from a qualifying account of the Member, the Member must provide written authorization as required by such account.

Members who purchase Credited Service through an installment account must pay, in addition to the principal cost of the purchase, interest at the rate determined by the Board's actuary in accordance with Retirement Code Section 22-807 and interest at an annual rate of 6% on the unpaid balance. Members purchasing through an installment account must pay the entire sum due within no more than five years (130 payroll deductions). Any Member purchasing Credited Service for prior military/governmental or prior City Service may at any time prepay the unpaid installment balance in full without penalty.

Please contact the Board of Pensions with any questions concerning the computation of the payment amount and any interest or other charges due for the purchase of Credited Service. The main telephone number for the Board of Pensions is 215-685-3480.

### **LEAVES OF ABSENCE WITHOUT PAY**

Approved Leave for 90 Days or Less. A Member may purchase Credited Service for an approved leave of absence without pay of 90 days or less by making Member Contributions for the period of the leave. Upon the Board's receipt of the Member Contributions, the Member will receive Credited Service as if the Member had no leave of absence.

Approved Leave for More than 90 days. A Member may purchase Credited Service for an approved leave of absence without pay for more than 90 days only for the following types of approved leave:

- Member's Illness, Maternity or Injury – up to a maximum of 3 years;
- Service in the Uniformed Services or Reserve Components of the Armed Forces in accordance with employment protections required under USERRA, 38 U.S.C. Sec. 4301 et seq. (Employment and Reemployment Rights of Members of the Uniformed Services) or 51 Pa.C.S. Chapter 7301 et seq. (relating to military leave of absence) - duration of leave.
- Special Education or Training – duration of leave.
- Service as a full-time officer or employee of a union which represents City Employees- duration of leave.
- Service in a United Nations International Peacekeeping or Police Mission – duration of leave.

### **Contribution Amounts:**

#### For Members of all Plans other than Plan 16:

The Member will make Member Contributions at a Contribution Amount based on the Member's compensation rate as of the first day of the leave of absence; and the applicable contribution rate during the leave of absence as set forth in the Retirement Code, Section 22-902.

#### For Members of Plan 16:

The Member will make Member Contributions at a Contribution Amount based on the applicable contribution rate during the leave of absence as set forth in the Retirement Code, Section 22-902, regardless of whether the Member's compensation has exceeded or will exceed the Stacked Hybrid Cap; and a compensation rate calculated as follows: the lesser of (a) the Member's actual compensation rate as of the first day of the leave of absence; or (b) the Stacked Hybrid Cap.

Note: With respect to a Member of Plan 16 granted an approved leave of absence (1) because of such Member's illness, maternity or injury, or (2) for service in the Uniformed Services or Reserve Components of the Armed Forces in accordance with employment protections required under USERRA, 38 U.S.C. Sec. 4301 et seq. or 51 Pa.C.S. Chapter 7301 et seq., the sum of the contributions paid by such Member in the applicable calendar year for current service and paid in

the applicable calendar year for the leave of absence shall not exceed the contributions such Member would have paid in the applicable calendar year had the Member been on the active payroll for the period of the unpaid leave of absence.

A Member granted an approved leave of absence in accordance with Civil Service regulations for service as a full time officer or employee of a union representing only City Employees or to receive special education or training may continue to make Member Contributions at the contribution rate applicable to the Member, based upon the salary the Member would have received if the Member had not been granted such leave of absence. With respect to a Member of Plan 16, the term salary shall mean the lesser of the Member's actual salary or the Stacked Hybrid Cap.

#### **Time Limitations to Make Contribution Payments:**

Members must complete payments to purchase Credited Service for an unpaid approved leave within 90 days of the last day of the leave unless the approved leave is for service in the Uniformed Services or Reserve Components of the Armed Forces in accordance with employment protections required under USERRA, 38 U.S.C. Sec. 4301 et seq. or 51 Pa.C.S. Chapter 7301 et seq. or for service in a United Nations Peacekeeping or Police Mission. If the leave is subject to USERRA or 51 Pa. C.S. Chapter 7301, or for service in a UN Peacekeeping or Police Mission, the Member must complete the payments on or before the earlier of (a) a period which is three times the duration of such leave; or (b) five years.

If the Member fails to complete the required Contribution payments within the prescribed time period, the Member may make such purchase by paying the Contribution amount or balance due and interest calculated as provided in Retirement Code Section 22-807.

If a Member who has not completed payment for the purchase of Credited Service for an approved leave dies within 90 days after the last day of the leave, the deceased Member's Beneficiary may complete such payment within 90 days of the Member's death. If the Beneficiary does not complete payment within the prescribed time period, any Death Benefits will be calculated based on Credited Service without considering the period of the approved leave. In such event, the contributions paid toward purchasing Credited Service will be refunded without interest.

#### **PRIOR MILITARY AND OTHER GOVERNMENTAL SERVICE**

A Member may, under certain conditions, purchase Credited Service up to a maximum of 10 years\* for qualifying military and governmental employment which: (a) was full-time or its prorated equivalent (as determined by the Board) and (b) occurred before the Member's current employment with the City. Applications for purchase of Credited Service must be made on forms provided by the Board.

\*Note: Credited Service purchased by an F.P.T.F. Employee in accordance with Section 22-809 of the Retirement Code does not count against the ten-year maximum limitation.

**Military or other Governmental Service that qualifies for purchase of Credited Service:**

- (1) Active Service with the military under a branch of the Armed Forces of the United States or with reserve components of the Armed Forces if the Member submits with their application a certified copy of their military record together with proof of a discharge characterized as "Honorable" or "Under Honorable Conditions".
- (2) Service as a State employee of the Commonwealth of Pennsylvania, or as an employee of any of the Commonwealth's agencies, instrumentalities or general purpose political subdivisions (e.g., SEPTA, Philadelphia Gas Works, Temple University, Philadelphia Community College, Housing and Redevelopment Authorities for Philadelphia and other cities of the Commonwealth, Philadelphia Convention Center, Philadelphia Municipal Authority and Penn State University), or with the School District of Philadelphia.
- (3) Service as an employee of the Government of the United States, of any State or of its political subdivisions, or of any agency or instrumentality of any of the foregoing governmental entities; or as an employee of an educational organization which is a public school which provides elementary or secondary education through grade 12, as determined under State law.

**Conditions:**

A Member may not purchase Credited Service for any service for which the Member is or will be entitled to a vested pension from another employer except for a Member who is entitled to a military pension based upon service in the military reserves. A Member who is entitled to a military pension based upon service in the military reserves may purchase Credited Service for such prior military service.

Members of Plan D, Plan J or Plan X may not purchase Credited Service for prior military or other governmental service unless the Member has earned a minimum of five (5) consecutive years of Credited Service with the Retirement System.

Members of Plan A, Plan B, Plan L, Plan Y, Plan 10 or Plan 16 must file an application with the Board to purchase Credited Service for military or other governmental service within one year of their date of employment as a new Employee with the City to make such purchase interest-free. For those Members of Plan A, Plan B, Plan L, Plan Y, Plan 10 or Plan 16 who file beyond the one-year deadline, they may make the purchase by paying the additional interest amount calculated as set forth in Retirement Code Section 22-807.

Service credits purchased by Members who are Non-represented Employees or Exempt Employees and hired on or after July 1, 2010 do not count toward the vesting requirements set forth in Retirement Code Section 22-301.

**Computation of Amount for Purchase of Credited Service**

To purchase Credited Service for qualifying military or other governmental service, Members must make payment to the Retirement System of an amount calculated as set forth in Retirement Code Section 22-802(3) or Section 22-802(4) based upon applicable Plan as follows:

Members of Plan D, Plan J or Plan X: Section 22-802(3);

Members of Plan A, Plan B, Plan L, Plan Y, Plan 10 or Plan 16: Section 22-802(4).

## PRIOR CITY SERVICE

Members of Plan D, Plan J or Plan X who have previously separated from City employment and withdrawn their Member Contributions may purchase Credited Service for their prior City service by making payment to the Retirement System of an amount calculated as set forth in Retirement Code Section 22-803(5). Note that a purchase of Credited Service made after the expiration of one year following the date of reemployment requires payment of additional interest and a surcharge.

Members of Plan A, Plan B, Plan L, Plan Y, Plan 10 or Plan 16 who have previously separated from City employment and withdrawn their Member Contributions may purchase Credited Service for their prior City service by making payment of an amount calculated as set forth in Retirement Code Section 22-803 (1) and (2). Note that if such Members file beyond one year following their date of reemployment, they must pay additional interest as provided in Retirement Code Section 22-807.

- **Temporary Service:** A member of Plan J who was hired as a temporary employee for a period not to exceed 6 months, did not pay Member Contributions for such period of service, and whose period of continuous employment extended beyond 6 months, may elect to purchase Credited Service for the period of temporary employment. Upon making such election, the Member shall pay an amount equal to the Member Contributions due for such period of service, together with interest.

**Note:** For Municipal Employees hired on or after January 8, 1987 to provide temporary service for 6 months or less who continue to work for the City after the expiration of 6 months from their date of hire, the Employee becomes a Member of the Plan applicable for Employees with that hiring date. The Member may purchase Service Credit for the period of temporary service by paying an amount equal to the Member Contributions due for such period of service, together with interest at such rate as determined by the Board's actuary in accordance with Retirement Code Section 22-807.

- **Deferred Service –** Any Member of Plan D, Plan J or Plan X who, when hired to City employment, had elected to defer membership in the Retirement System and has not previously purchased Credited Service for the period of deferred membership, may purchase Credited Service for the period of deferment by paying an amount equal to the Member Contributions the Member would have paid during the period of deferment and interest at such rate as determined by the Board's actuary in accordance with Retirement Code Section 22-807.

The following Employees may purchase Credited Service under such time limits or other conditions, and after payment of Member Contributions in such amounts, including with or without interest, for specified periods of service as set forth in the following applicable sections of the Retirement Code:

- **C.E.T.A. Employees** (Any Employee hired by the City under the Comprehensive Employment and Training Program Act established by the Federal Government who continued in City employment after termination of their C.E.T.A. employment or who later re-entered employment of the City—**Section 22-804: period of service as C.E.T.A. employee;**

- **Police Employees and Fire Employees** (who were laid off in 1978 or 1980 and subsequently reinstated to City employment)—**Section 22-805: period of layoff;**
- **Former F.P.T.F. Employees** (Any Employee hired by the Fairmount Park Trust Funds, the Fairmount Park Ranger Fund, the Commissioner of Fairmount Park-Natural Lands Restoration and Environmental Education Program or the Robert W. Ryerss Bequest) who: became a Member of Plan Y effective July 1, 2013; and was a Member of Plan Y on the date of their request to purchase Credited Service—**Section 22-809: period of service as an F.P.T.F. employee;** and
- **Former PIDC Employees** (Any Employee who: was employed by the Philadelphia Industrial Development Corporation on June 30, 2018; who commenced City employment and became a Member of Plan Y, Plan 10 or Plan 16 between July 1, 2018 and June 30, 2019; and was a Member of Plan Y, Plan 10 or Plan 16 on the date of their request to purchase Credited Service—**Section 22-810: period of service as a PIDC Employee after December 31, 2014.**

#### **Time Limitation for Purchase after Separation from Service**

If a Member separates from service before the Member has made all installment payments or if the transfer payments are insufficient to pay the full cost, the Member or the Member's Beneficiary must pay the entire outstanding balance (including interest) or shortfall within 90 days from the date of their separation. If the Member or Member's Beneficiary does not make payment of the outstanding balance (including interest) of the installment or transfer, the Member or the Member's Beneficiary may elect from the following options set forth below:

- (a) A refund of the total payments made for the purchase of Credited Service for prior City or prior other governmental service; or
- (b) Partial Credited Service for that portion of prior service for which the Member made payment; however, to receive partial Credited Service for prior City service, the Member must have made arrangements to pay the full amount in accordance with Section 22-803(2).

#### **DISQUALIFICATION**

**Public Employee Pension Forfeiture Act (“PEPFA”), 43 P.S. Sec. 1311 et seq. (as amended). (applicable to crimes related to public office or employment committed on or after March 28, 2019; for such crimes committed before that date, refer to Act of July 8, 1978, P.L. 752, No. 140).**

Neither an Employee nor any Beneficiary designated by such Employee is entitled to receive any Retirement Benefit or other benefit or payment of any kind except a return of contribution(s) paid into the Retirement System without interest, if the Employee is found guilty of or pleads guilty or nolo contendere (roughly translates to “no contest”) to a crime related to public office or public employment. “Crimes related to public office or public employment” is a defined term and essentially means any criminal offense as set forth in the enumerated sections of Title 18 (Crimes and Offenses) or other enumerated statute when committed by an Employee through their office or employment or when public employment places such Employee in a position to commit the crime.

The term also includes any criminal offense under the laws of the Commonwealth classified as a felony or punishable by a term of imprisonment exceeding five years as well as felony offenses

under 18 U.S.C. Sec. 371 (relating to conspiracy to commit offense or to defraud United States) and 1341 (relating to frauds and swindles). In addition, the term includes all criminal offenses as set forth in Federal law and the laws of another state substantially the same as the crimes enumerated in PEPFA.

The plea of guilty or of nolo contendere, or the entry of a verdict or judicial order of guilty, shall act as a breach of the Employee's contract of employment with the City. Pursuant to PEPFA, the Board may retain Member Contributions by the Employee for the purpose of paying any fine imposed by a court or for the repayment of any misappropriated funds.

A Court may also order the Employee to make restitution of any monetary loss incurred as a result of the criminal offense. Until the Court makes a decision about restitution and notifies the Board that no restitution is due, the Board will not make payment of any refund of contributions.

### **Retirement Code, Section 22-1302**

No Employee nor any beneficiary of that Employee is entitled to receive any retirement benefit or payment of any kind under the Retirement System, except a return of contributions paid into the Retirement System, if the Employee pleads or is finally found guilty, or pleads no defense to any of the following acts:

- (.1) Perjury committed in connection with the Employee's official duties or in any affidavit or proceeding concerning the Employee's official duties or conduct;
- (.2) Acceptance of a bribe for the performance, or affecting the performance or for the nonperformance of the Employee's official duties, or the offering or giving of a bribe to any other City employee or employee of the Commonwealth or of the United States for the performance or affecting the performance or for the non-performance of the employee's official duties;
- (.3) Engaging in graft or corruption incident to or in connection with the Employee's office or employment constituting a violation of the laws of the Commonwealth or of the United States;
- (.4) Theft, embezzlement, willful misapplication, or other illegal taking of funds or property of the City, or those of any official agency of the City, or agency, engaged in performing any governmental function for the City or the Commonwealth;
- (.5) Malfeasance in office or employment;
- (.6) Any offense designated as a "listed offense" under the Pennsylvania Registration of Sexual Offenders Act (Megan's Law), 42 Pa.C.S.A. § 9795.1 or its statutory equivalent in another jurisdiction, if committed incident to or in connection with the Employee's office or employment;
- (.7) Engaging in a conspiracy to commit any of the foregoing.

### **SETOFF BY CITY OF ANY CLAIM OF THE CITY**

The City of Philadelphia may assert or offset any claim of the City against the rights or benefits arising from membership in the Retirement System, including any return of contributions. "Any claim of the City" includes, for example, delinquent unpaid taxes owed to the City.

### **WAIVER OF BENEFITS**

Any Member, Survivor or Beneficiary who is entitled to any benefit under any provision of the Retirement Code may decline to accept all or any part of such benefit by filing a signed waiver with the Board. Such waiver may be revoked in writing filed with the Board at any time.

### **APPROVAL, ACCEPTANCE AND PAYMENT OF DOMESTIC RELATIONS ORDERS**

## **Conditions or Requirements for Acceptance as an Approved Domestic Relations Order**

Within a reasonable time after the Board's receipt of a Domestic Relations Order, the Executive Director or the Executive Director's designee will determine whether the Domestic Relations Order qualifies as an Approved Domestic Relations Order and thereafter notify the Member and any alternate payee identified under such Order of the determination. To qualify as an Approved Domestic Relations Order, the Domestic Relations Order must satisfy every one of the following conditions:

- (a) the Order does not require the Retirement System to provide any type or form of benefit or any options not provided under the Retirement Code;
- (b) the Order does not require the Retirement System to provide more than the total amount of benefits that the Member would otherwise receive with some limited exceptions for increased benefits based upon cost-of-living increases or an increase not based on actuarial value;
- (c) the Order does not grant an alternate payee any of the rights, options or privileges of a Member;
- (d) the Order specifies the amount or percentage of the Member's benefits payable by the Retirement System or the manner by which the Board can ascertain such amount or percentage;
- (e) the Order specifies the retirement option selected by the Member or provides that the Member may select any retirement option offered under the Retirement Code upon retirement;
- (f) the Order specifies the names and last known mailing address(es), if any, of the Member and of each alternate payee identified by the Order and states that each alternate payee must keep a current mailing address on file with the Retirement System; and
- (g) the Order requires the Member to execute an authorization allowing each alternate payee to monitor the Member's compliance with the terms of the Domestic Relations Order through access to information maintained by the Retirement System concerning such Member.

### **Exceptions when such conditions do not apply**

The conditions set forth above do not apply to any Domestic Relations Order which is an order for support as defined in 23 Pa.C.S.A. Section 4302 (relations to definitions) or an order for the enforcement of arrearages as provided in 23 Pa.C.S. Section 3703 (relating to enforcement of arrearages).

## **Policy or Practice to Comply with any Court Order**

Note: The Board, its Executive Director, and Staff, adhere to a policy or practice to comply with any Court Order duly served upon or received by the Board. To the extent that the Member or any alternate payee are aggrieved by the terms or effect of any Court Order, such Member or alternate payee must pursue whatever rights or remedies available to them pursuant to applicable law to file a complaint or an appeal or to seek reconsideration or modification with the Courts.

## **APPEALS, HEARINGS AND PROCEDURE**

### **Right to Appeal**

Any Member or person claiming through such Member, such as a Beneficiary, has a right to appeal to the Board any decision or determination, including those made by Board's Staff, that affects the rights or benefits of such Member or claimant. However, the appeal must be made timely and in writing.

### **Time Limit for Appeal**

Any appeal must be in writing, directed and addressed to the Executive Director, Board of Pensions & Retirement, 16<sup>th</sup> Floor, Two Penn Center Plaza, Philadelphia, PA 19102, and postmarked no later than 30 days after the date of the decision or determination from which the Member or claimant appeals.

### **Hearing and other Procedures**

If the Board has voted, at a public meeting, to deny an application for benefits or deny an appeal from a decision of the Board's Staff, the person who made the application or appeal may request a hearing before a panel of the Board. Any request for a hearing must be in writing, directed and addressed to the Executive Director, Board of Pensions & Retirement, 16<sup>th</sup> Floor, Two Penn Center Plaza, Philadelphia, PA 19102, and postmarked no later than 30 days after the date of the decision or determination from which the Member or claimant seeks a hearing. The Board may, on its own motion, direct or refer any application or Staff decision to a hearing.

The Board's Staff will schedule a hearing and notify all parties of the hearing date. The Board may designate any three members of the Board as a hearing panel to conduct any hearing. The Board's Staff will appoint the panel members, which will include at least one panel member elected to the Board by the Civil Service Employees and at least one panel member who is a member of the Board as a City officeholder or that member's designee.

The hearing panel will take testimony and receive evidence, including depositions, and make a recommendation to the Board for its consideration and final decision. The Board will consider but is not bound by the recommendation of the hearing panel.

Please refer to Board Regulation No. 1 for additional information on the rules of procedure and evidence that apply to an appeal and hearing before the Board, e.g., relating to written submissions to the Board (1.6); pre-hearing communications (1.7); requests for continuances (1.7.1); right to counsel (1.8); conduct of the hearing (1.9); evidence and depositions (1.9.1); closing of the record (1.10); requests for additional hearings or reconsideration (1.13 & 1.14).

## **PLANNING TO RETIRE OR TO APPLY FOR BENEFITS SOON-PRACTICAL STEPS**

### **Notify the Human Resources or Administrative Services Director**

When the Member's planned retirement date approaches, the Member should notify the director of human resources or of administrative services ("HR officer") of the office or department that employs the Member. The HR officer should provide the necessary or appropriate forms or other documents that the Member must complete and submit for retirement and arrange an appointment with one of the Board's retirement counselors.

### **Meet and confer with the Board's assigned retirement counselor**

At the appointment with the Board's retirement counselor, the counselor and Member will discuss any retirement rights, benefits and options and any responsibilities of the Member. The counselor will also provide general information regarding taxation of benefits. However, as a reminder, the Board's counselor cannot and does not provide any tax or legal advice. For answers to specific tax or legal questions, the Member must confer with the Member's lawyer, accountant, tax return preparer, or other adviser.

The regional office of the Internal Revenue Service can also provide forms and special information booklets to help with the preparation of any tax return.

### **Keep all records relating to membership in the Retirement System.**

The Member should retain a copy of all records regarding membership in the Retirement System, including any benefit application, retirement benefit option forms, and beneficiary designations filed with the Board.

### **Make and Check Beneficiary Designations**

Reminder: A Member may file or change a Beneficiary or Survivor designation at any time BEFORE the day that the Member begins retirement. After that date, the Member is unable to make any changes to the designations, except under limited circumstances as set forth in Section 22-702(2) of the Retirement Code.

Accordingly, a Member should ensure their filing of a Beneficiary Designation with the Board before the effective date of Retirement. If the Member has previously made and filed a Beneficiary Designation, a Member should check and confirm that the Beneficiary Designation is accurate, current and consistent with the Designation(s) that the Member wishes to make.